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Guest Editorial

Sen. Brown: New business tax requires input from 16th District residents

Earlier this year, the Michigan Legislature eliminated one of the most complicated and punitive business taxes in the nation – the Single Business Tax (SBT). For too long, the SBT has been a deterrent to business growth and investment in our state. Now, with its elimination slated for December 31, 2007, the task of developing a business tax that will serve to improve Michigan's business climate begins in earnest.

The SBT generates \$1.9 billion in revenue for our state's General Fund, the source of funding for numerous vital programs, such as State Police and local law enforcement, higher education, and health care, to name just a few. This contribution represents nearly a quarter of the total General Fund, underscoring the importance of this revenue to state government's core functions and responsibilities to the people of our state.

Several groups and individuals have come forward with proposals to replace the SBT. The Michigan Chamber of Commerce's plan calls for a 50 percent personal property tax credit and a combined business income and license tax. The Grand Rapids Area Chamber of Commerce has also developed a proposal, suggesting a Michigan Business Activities Tax similar to a modified gross profits tax. And last week, Governor Jennifer Granholm unveiled her own proposal. The governor's Michigan Business Tax would be based on a combination of income, gross receipts, and assets, rather than a value-added tax like the SBT.

Over the next several weeks, these plans and several others will be fully reviewed and scrutinized by the Senate Finance Committee. Considering the unique economic challenges communities in the 16th Senate District face, it is important that residents – and especially business owners – also review these proposals closely, consider their potential impact, and provide feedback. Your input can help ensure that Michigan's next business tax is a benefit to our state's border counties rather than a detriment.

The Michigan Chamber of Commerce's proposal can be found at www.michamber.com, the Grand Rapids Area Chamber of Commerce's plan can be found at www.grandrapids.org, and Governor Granholm's recommendations can be found at www.michigan.gov. After reviewing these proposals, I urge you to contact me with your comments and suggestions by e-mailing me at sencbrown@senate.michigan.gov or by calling my office toll-free at (866) 305-0316. I look forward to hearing your thoughts, and to advancing to the passage of a new business tax that will improve Michigan's struggling economy.